

City of Detroit


CITY COUNCIL

IRVIN CORLEY, JR.
DIRECTOR
(313) 224-1076

FISCAL ANALYSIS DIVISION
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ANNE MARIE LANGAN
DEPUTY DIRECTOR
(313) 224-1078

TO: COUNCIL MEMBERS

FROM: Irvin Corley, Jr., Director 

DATE: June 9, 2008

RE: Tax Statement for the FY 2008-09 Budget Process (**Recommend Approval**) *Under "New Business" on Tuesday, June 10, 2008's Formal Session Agenda*

Honorable Council members, your last step in the FY 2008-09 budget process are your approval of the Tax Statement (see Attachment I).

The Budget Department could not walk the statement on this past Friday since the Budget, Finance and Audit Standing Committee meeting was canceled due to the Red Wings victory parade.

The purpose of the Tax Statement is to reflect the amount to be levied and collected by general tax (in this case, property taxes) for City operating and general obligation bond payment (from the City's Sinking Fund) purposes in the ensuing fiscal year. The statement also reflects the level of taxation to the support the Detroit Library.

For operating purposes, the City cannot levy more than 2% of the City's taxable value of real and personal property, according to State law. The City's Charter says, "assessed value" instead of "taxable value". But I feel the Budget Department is correct in preparing the Tax Statement based on "taxable value" since this is required under State Law. A copy of the State language is attached (Attachment II).

As your Honorable Body knows, a municipality's property taxes have been based on "taxable value" since 1994 when Proposal A was passed. "Assessment value" is based on half of appraised market value; "taxable value" is based on last year's taxable value increased by the lesser of the rate of inflation or 5%.

The figures in the Tax Statement appropriately agree with the figures found in the Mayor's proposed 2008-09 budget via Schedule F (see Attachment III). The Tax Statement and process is perfunctory.

In addition, the Council is to approve the Tax Statement within one week of the your Honorable Body's last approval action of the budget, which was your override vote on Tuesday, June 3rd.

Therefore, I recommend that your Honorable Body adopt the attached Tax Statement for fiscal year 2008-09 taxation under "New Business" during Tuesday's formal session on June 10, 2008.

Attachments

cc: Council Divisions
Auditor General's Office
Norman White, Chief Financial Officer
Pamela Scales, Budget Director
Renee Short, Team Budget Leader
Kerwin Wimberly, Mayor's Office

Attachment I

CITY OF DETROIT
BUDGET DEPARTMENT

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June 3, 2008

HONORABLE CITY COUNCIL:

RE: TAX STATEMENT

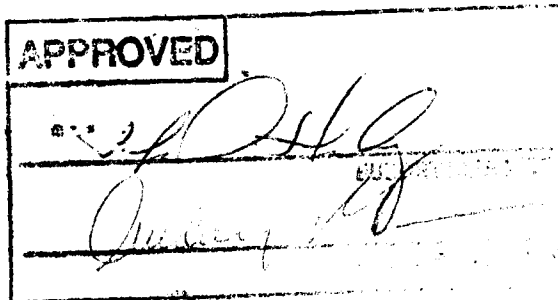
In accordance with Section 18-2-24 of the City code, we are submitting a statement of the amounts to be raised by taxation in fiscal year 2008-2009, to be known as the Tax Statement. Also submitted is a 2% limitation statement based upon 2007 equalized valuations. We request a waiver of reconsideration.

Respectfully submitted,



Pamela C. Scales
Budget Director

Attachment



BY COUNCIL MEMBER _____

RESOLVED That the foregoing Tax Statement hereby be made a part of this resolution and be hereby adopted by a majority vote of all the members of this Body, the City Council of the City of Detroit; that the said Tax Statement shall be the basis for the levy and collection of taxes.

RESOLVED, That the Board of Assessors of the Finance Department cause the amount of all taxes in dollars and cents to be rateably assessed and to cause the assessment roll to be prepared in accordance with the foregoing Tax Statement.

**2008-2009
CITY OF DETROIT
TAX STATEMENT**

General Fund Operations		\$194,399,198
Sinking, Interest and Redemption Fund (Ad valorem)	72,859,751 *	
Sinking, Interest and Redemption Fund (Ad valorem- Renaissance Zone)	<u>2,153,066</u>	
Total Sinking, Interest and Redemption Fund		<u>\$75,012,817</u>
 Total - Regular City Levy (General Fund and Sinking & Interest (Debt Service) Fund)		 <u>\$269,412,015</u>
 Special Levies:		
Library - Extra Voted Millage		<u>\$45,118,503</u>
 ' Total Amount to be Raised by Taxation		 <u>\$314,530,517 **</u>

* Ad Valorem Roll excluding Renaissance Zone

** numbers may not add due to rounding

**2008-2009
CITY OF DETROIT
2% LIMITATION STATEMENT**

TAXABLE VALUATION (Ad Valorem- General City)	\$9,743,343,912 *	
TAXABLE VALUATION (includes Renaissance Zone -for Debt Service only)	10,031,267,736	
2% LIMITATION		\$200,625,355
TOTAL BUDGETED TAX LEVY		<u>\$314,530,517</u>
Less Statutory Exclusions:		
General Obligation Debt Service (7.4779 mills)	\$75,012,817	
Library - extra voted millage (4.6307 mills)	<u>45,118,503</u>	
TOTAL EXCLUSIONS		<u>\$120,131,320</u>
NET TAX TOTAL SUBJECT TO LIMITATION		<u>\$194,399,198</u>
MARGIN UNDER 2%		<u>\$6,226,157 **</u>

* Based on Ad Valorem Roll less Renaissance Zone

** numbers may not add due to rounding

shall transmit the budget to the mayor for his approval or rejection. (Code 1964, § 21-2-6)

Sec. 18-2-22. Action by mayor.

The mayor shall, on or before the third business day following the twenty-fourth day of May in each year, return the budget to the city council with his approval, or, if he shall disapprove the whole or any item or items therein, with a statement of his reasons therefor. (Code 1964, § 21-2-7)

Sec. 18-2-23. Action by council after approval or disapproval by mayor.

The city council shall, on or before either the third calendar day or the second business day (whichever will provide the greatest number of business days) following the maximum return date of the budget by the mayor, act upon any item that shall have been disapproved by the mayor. (Code 1964, § 21-2-8)

Sec. 18-2-24. Tax statement and bond statement.

After the mayor shall have approved the budget or the city council shall have acted upon any item thereof which shall have been disapproved, the budget director shall make an itemized statement of amounts to be raised by taxation, to be known as the tax statement, and a similar statement for the issuance of bonds, to be known as the bond statement, if an issue of bonds shall have been authorized in lieu of taxation. The city council shall cause to be levied and collected by general tax the amount of the tax statement so approved, and may issue any bonds so authorized to be issued. All such proceedings shall be completed within one week following the maximum final approval date of the budget by the city council. (Code 1964, § 21-2-9)

Sec. 18-2-25. Deadline dates.

Whenever any of the deadline dates or maximum dates established by this division

falls on a Saturday, a Sunday or a holiday, the applicable deadline date or maximum date shall be the next business day following the Saturday, Sunday or holiday. (Code 1964, § 21-2-9.1)

Secs. 18-2-26—18-2-36. Reserved.

DIVISION 3. ALLOTMENTS*

Sec. 18-2-37. Budget appropriation to be under supervision and control of budget director.

The annual appropriation of money for municipal purposes and such special appropriations as may from time to time be necessary, shall be expended under the supervision and control of the budget director. (Code 1964, § 21-2-10)

Sec. 18-2-38. Appropriation ledger accounts to be maintained by budget director; monthly statement.

The budget director shall maintain appropriation ledger accounts, recording therein such encumbrances or obligations for the future payment of money of appropriated funds as he may approve, and at the end of each month, prepare therefrom a statement of appropriations, expenditures, encumbrances and balances, which statement shall be presented to the respective departments, the mayor and the city council. (Code 1964, § 21-2-11)

Sec. 18-2-39. Allotment of appropriations to departments; allotment schedule.

All appropriations shall be allotted to the respective departments, except appropriations designated by the budget director, in accordance with a monthly, quarterly or semiannual allotment schedule, to be agreed upon jointly by the respective department heads and the budget director, subject to the ap-

*Charter reference—Work programs and allotments, § 8-301.

DETROIT CODE

ARTICLE 8.

PLANNING and FINANCIAL PROCEDURES CHAPTER 3. ADMINISTRATION of BUDGETS

Sec. 8-301. Work Programs and Allotments.

When the budget director specifies, each agency shall submit work programs for the next fiscal year showing the requested allotments of its appropriations by periods within the year. The budget director shall review and authorize those allotments with or without revision as early as possible in the fiscal year. The budget director may revise those allotments during the year if desirable and shall revise them to accord with any supplemental, emergency, or transferred appropriations.

Sec. 8-302. Limit on Obligations and Payments.

No obligations shall be incurred against, and no payments shall be made from, any allotment or appropriations except in accordance with appropriations duly made and unless the chief accounting officer or in absence of the chief accounting officer, a designee of the finance director advises that there is a sufficient unencumbered balance in the allotment or appropriation and the sufficient funds will be or are available to meet the obligation.

When the chief accounting officer or in absence of the chief accounting officer, a designee of the finance director so advises, the obligation may be incurred or payment made in accordance with any applicable procedure established under section 8-306.

Sec. 8-303. Penalties for Violation.

Any incurring of obligation or authorization of payment in violation of the provisions of this Charter shall be void and any payment so made illegal; the action shall be cause for removal of any officer who knowingly incurred the obligation or authorized to make the payment, and he or she shall also be liable to the city for any amount so paid and to any criminal sanctions imposed by law or ordinance.

Sec. 8-304. Obligations to be Met by Subsequent Appropriation.

As permitted by law, the city may by resolution of the city council:

1. Make contracts or make or authorize payments for capital improvements to be financed wholly or partly by the issuance of bonds; or
2. Make any contract or lease (including installment contracts, lease-purchase contracts or other forms of deferred payment contracts for the acquisition of real property or capital equipment) providing for payments beyond the end of the fiscal year.

ARTICLE 8.

PLANNING and FINANCIAL PROCEDURES: CHAPTER 4. PROPERTY TAXATION

Sec. 8-401. Power.

The city is authorized to levy property taxes at the rate of two percent (2%) of assessed value of all real and personal property in the city or to such other maximum limit as may be permitted by law.

Included is the power to levy property taxes for public transportation and transit services to the maximum rate permitted by law.

The subjects of taxation for municipal purposes shall be in accordance with state law.

Sec. 8-402. Assessor's Duties.

1. The board of assessors shall certify the assessment roll to the board of review on or before the date provided by ordinance.
2. The assessors shall prepare the tax roll by spreading property taxes ratably on the assessment roll on or before the date provided by ordinance and shall deliver the



MICHIGAN LEGISLATURE

94th Legislature Regular Session

Michigan Compiled Laws Complete Through PA 138 of 2008

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Act 279 of 1909****Legislature**[Bills](#)[Calendars](#)[Committee Bill Records](#)[Committee Meetings](#)[Concurrent Resolutions](#)[Initiatives](#)[Joint Resolutions](#)[Journals](#)[Legislators](#)[Public Acts \(Signed Bills\)](#)[Resolutions](#)[Session Schedules](#)[Basic Legislative Search](#)[Adv Legislative Search](#)**Laws**[SBT \(Repealed\)](#)[Often Requested Laws](#)[Requested Repeals](#)[Basic MCL Search](#)[Advanced MCL Search](#)[Public Act MCL Search](#)[Constitution Search](#)[Chapter Index](#)[Executive Orders](#)[Historical Documents](#)[MCL Tables](#)**More**[Color Picker](#)[Publications](#)[Related Sites](#)[Legislative PDA Pages](#)**Syndication**[Bill Updates](#)**Recently Viewed**[mcl 117 3](#)[mcl 117 35a](#)[mcl 117 36](#)[mcl Act 279 of 1909](#)[mcl chap117](#)[mcl chap125](#)**117.3 Mandatory charter provisions.****Sec. 3.**

Each city charter shall provide for all of the following:

(a) The election of a mayor, who shall be the chief executive officer of the city, and of a body vested with legislative power, and for the election or appointment of a clerk, a treasurer, an assessor or board of assessors, a board of review, and other officers considered necessary. The city charter may provide for the selection of the mayor by the legislative body. Elections may be by a partisan, nonpartisan, or preferential ballot, or by any other legal method of voting. Notwithstanding another law or charter provision to the contrary, a city having a 1970 official population of more than 150,000, whose charter provides for terms of office of less than 4 years, and in which the term of office for the mayor and the governing body are of the same length, may provide by ordinance for a term of office of up to 4 years for mayor and other elected city officials. The ordinance shall provide that the ordinance shall take effect 60 days after it is enacted unless within the 60 days a petition is submitted to the city clerk signed by not less than 10% of the registered electors of the city requesting that the question of approval of the ordinance be submitted to the electors at the next regular election or a special election called for the purpose of approving or disapproving the ordinance.

(b) The nomination of elective officers by partisan or nonpartisan primary, by petition, or by convention.

(c) The time, manner, and means of holding elections and the registration of electors, subject to section 26 and other applicable requirements of law.

(d) The qualifications, duties, and compensation of the city's officers. If the city has an appointed chief administrative officer, the legislative body of the city may enter into an employment contract with the chief administrative officer extending beyond the terms of the members of the legislative body unless the employment contract is prohibited by the city charter. An employment contract with a chief administrative officer shall be in writing and shall specify the compensation to be paid to the chief administrative officer, any procedure for changing the compensation, any fringe benefits, and other conditions of employment. The contract shall state if the chief administrative officer serves at the pleasure of the legislative body, and the contract may

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provide for severance pay or other benefits in the event the chief administrative officer's employment is terminated at the pleasure of the legislative body.

(e) The establishment of 1 or more wards, and if the members of the city's legislative body are chosen by wards, for equal representation for each ward in the legislative body.

(f) That the subjects of taxation for municipal purposes are the same as for state, county, and school purposes under the general law.



(g) The annual laying and collecting taxes in a sum, except as otherwise provided by law, not to exceed 2% of the taxable value of the real and personal property in the city. Unless the charter provides for a different tax rate limitation, the governing body of a city may levy and collect taxes for municipal purposes in a sum not to exceed 1% of the taxable value of the real and personal property in the city. As used in this subdivision, "taxable value" is that value determined under section 27a of the general property tax act, 1893 PA 206, MCL 211.27a.

(h) An annual appropriation of money for municipal purposes.

(i) The levy, collection, and return of state, county, and school taxes in conformance with the general laws of this state, except that the preparation of the assessment roll, the meeting of the board of review, and the confirmation of the assessment roll may be at the times provided in the city charter.

(j) The public peace and health and for the safety of persons and property. In providing for the public peace, health, and safety, a city may expend funds or enter into contracts with a private organization, the federal or state government, a county, village, or township, or another city for services considered necessary by the legislative body. Public peace, health, and safety services may include the operation of child guidance and community mental health clinics, the prevention, counseling, and treatment of developmental disabilities, the prevention of drug abuse, and the counseling and treatment of drug abusers.

(k) Adopting, continuing, amending, and repealing the city ordinances and for the publication of each ordinance before it becomes operative. Whether or not provided in its charter, instead of publishing a true copy of an ordinance before it becomes operative, the city may publish a summary of the ordinance. If the city publishes a summary of the ordinance, the city shall include in the publication the designation of a location in the city where a true copy of the ordinance can be inspected or obtained. A charter provision to the contrary notwithstanding, a city may adopt an ordinance punishable by imprisonment for not more than 93 days or a fine of not more than \$500.00, or both, if the violation substantially corresponds to a violation of state law that is a misdemeanor for which the maximum period of imprisonment is 93 days. Whether or not provided in its charter, a city may adopt a provision of a state statute for which the maximum period of imprisonment is 93 days or the Michigan vehicle code, 1949 PA 300, MCL 257.1 to 257.923. Except as otherwise provided under the Stille-DeRossett-Hale single state construction code act, 1972 PA 230, MCL 125.1501 to 125.1531, a city may adopt a law, code, or rule that has been promulgated and adopted by an authorized agency of this state pertaining to fire, fire hazards, fire prevention, or fire waste, and a fire prevention code, plumbing code, heating code, electrical code, building

code, refrigeration machinery code, piping code, boiler code, boiler operation code, elevator machinery code, an international property maintenance code, or a code pertaining to flammable liquids and gases or hazardous chemicals, that has been promulgated or adopted by this state, by a department, board, or other agency of this state, or by an organization or association that is organized and conducted for the purpose of developing the code, by reference to the law, code, or rule in an adopting ordinance and without publishing the law, code, or rule in full. The law, code, or rule shall be clearly identified in the ordinance and its purpose shall be published with the adopting ordinance. Printed copies of the law, code, or rule shall be kept in the office of the city clerk, available for inspection by, and distribution to, the public at all times. The publication shall contain a notice stating that a complete copy of the law, code, or rule is made available to the public at the office of the city clerk in compliance with state law requiring that records of public bodies be made available to the general public. A city shall not enforce a provision adopted by reference for which the maximum period of imprisonment is greater than 93 days.

(l) That the business of the legislative body shall be conducted at a public meeting held in compliance with the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. All records of the municipality shall be made available to the general public in compliance with the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

(m) Keeping in the English language a written or printed journal of each session of the legislative body.

(n) A system of accounts that conforms to a uniform system of accounts as required by law.

History: 1909, Act 279, Eff. Sept. 1, 1909 ;-- CL 1915, 3006 ;-- Am. 1929, Act 126, Eff. Aug. 28, 1929 ;-- CL 1929, 2230 ;-- Am. 1947, Act 344, Eff. Oct. 11, 1947 ;-- Am. 1948, 1st Ex. Sess., Act 44, Eff. Aug. 20, 1948 ;-- CL 1948, 117.3 ;-- Am. 1949, Act 43, Eff. Sept. 23, 1949 ;-- Am. 1960, Act 14, Imd. Eff. Apr. 13, 1960 ;-- Am. 1967, Act 43, Eff. Nov. 2, 1967 ;-- Am. 1973, Act 81, Imd. Eff. July 31, 1973 ;-- Am. 1977, Act 204, Imd. Eff. Nov. 17, 1977 ;-- Am. 1978, Act 241, Imd. Eff. June 15, 1978 ;-- Am. 1979, Act 59, Imd. Eff. July 18, 1979 ;-- Am. 1991, Act 182, Imd. Eff. Dec. 27, 1991 ;-- Am. 1993, Act 207, Imd. Eff. Oct. 19, 1993 ;-- Am. 1999, Act 256, Imd. Eff. Dec. 28, 1999 ;-- Am. 1999, Act 260, Eff. Dec. 29, 1999 ;-- Am. 2002, Act 201, Imd. Eff. Apr. 29, 2002 ;-- Am. 2003, Act 303, Eff. Jan. 1, 2005 ;-- Am. 2004, Act 541, Imd. Eff. Jan. 3, 2005

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Attachment III

CITY OF DETROIT
2008-09 MAYOR'S RECOMMENDED BUDGET
VALUATIONS, TAX LEVIES AND TAX RATES

	2007-08 Budget	2008-09 Recommended	Increase (Decrease)
<u>Valuations:</u>			
<u>Ad Valorem (General City) *</u>			
Real Estate	\$ 8,133,867,845	\$ 8,302,724,952	\$ 168,857,107
Personal Property	1,467,049,326	1,440,618,960	(26,430,366)
TOTAL	\$ 9,600,917,171	\$ 9,743,343,912	\$ 142,426,741
<u>Renaissance Zone (Debt Service Tax Only)</u>			
Real Estate	\$ 118,551,473	\$ 119,101,177	\$ 549,704
Personal Property	177,236,098	168,822,647	(8,413,451)
TOTAL	\$ 295,787,571	\$ 287,923,824	\$ (7,863,747)
<u>Ad Valore including -Renaissance Zone for (Debt Service Only)</u>			
Real Estate	\$ 8,252,419,318	\$ 8,421,826,129	\$ 169,406,811
Personal Property	1,644,285,424	1,609,441,607	(34,843,817)
TOTAL	\$ 9,896,704,742	\$ 10,031,267,736	\$ 134,562,994
<u>Tax Levies:</u>			
General City	\$ 191,557,499	\$ 194,399,198	\$ 2,841,698
Garbage Disposal	0	0	0
Debt Service *	79,849,583	75,012,817	(4,836,766)
Library	44,458,967	45,118,503	659,536
GRAND TOTAL	\$315,866,049	\$314,530,517	(\$1,335,532)
<u>Tax Rates: ⁽¹⁾</u>			
General City	19.9520	19.9520	0.0000
Garbage Disposal ⁽²⁾	0.0000	0.0000	0.0000
Debt Service	8.0683	7.4779	(0.5904)
Library **	4.6307	4.6307	0.0000
GRAND TOTAL	32.6510	32.0606	(0.5904)

* P.A. 376 Renaissance Zone provides for the taxation of property within the Zone for debt service purposes.

** Note: November 2, 2004, voters approved a millage renewal and a 1 mill increase for the Detroit Public Library, effective July 1, 2005.

(1) As of July 1, 2005, tax rates (excluding debt service) were rolled back by a factor of 0.9995 (MCL211.23d (Headlee))

(2) Garbage mills (2.9928) were eliminated in FY 2006-07 for residential properties and replaced with a fee for service. In FY 2007-08 the garbage mills was eliminated for all properties.